

TEACHERS' RETIREMENT BOARD
BENEFITS AND SERVICES COMMITTEE MEETING

SUBJECT: Adoption of Rates - Contribution Rate for
Additional Service Credit

ITEM NUMBER: 6a

ATTACHMENT(S): 1

ACTION: X

MEETING DATE: July 8, 1999

INFORMATION: _____

PRESENTER: Mr. Derman

SUMMARY

The "Contribution Rate for Additional Service Credit" is used to determine the contributions due from a member for the purchase of service credit for certain approved leaves of absence or service that has not been credited in the System. At the October 10, 1991 Board Meeting, the Board adopted the recommendations of the "Report on Benefit Structure Equity of the California State Teachers' Retirement System as Required Under SB 2469." As a result of the recommendation under Issue 10 of the Study, the base for the Contribution Rate for Additional Service Credit was changed from the 40-year funding rate to the Normal Cost Rate. The Normal Cost Rate is based on the cost of crediting service for the average ages of all members.

Section 22117 of the Education Code specifies that "Contribution rate for additional service credit" means the contribution rate adopted by the board as a plan amendment with respect to the Defined Benefit Program for the purchase of service credit. This rate shall be based upon the most recent valuation of the plan with respect to the Defined Benefit Program and increased to include any subsequently required contribution rates designated for funding subsequent allowance increases."

Based on the Normal Cost Rate identified in the June 30, 1998 actuarial valuation the Contribution Rate for Additional Service Credit would be 15.758% for the 1999-2000 fiscal year. This is a decrease from the rate of 15.79% adopted for the 1998-1999 fiscal year.

RECOMMENDATION

The staff recommends that the Teachers' Retirement Board adopt a Contribution Rate for Additional Service Credit of 15.758% for the 1999-2000 fiscal year.

PROPOSED
RESOLUTION
OF THE
TEACHERS' RETIREMENT BOARD
BENEFITS AND SERVICES COMMITTEE

SUBJECT: Adoption of Contribution Rate
for Additional Service Credit
for the 1999–2000 Fiscal Year

RESOLUTION NO. _____

WHEREAS, the Teachers' Retirement Law requires that the Board adopt the Contribution Rate for Additional Service Credit to be used as the contribution rate for the purchase of permissive service credit, and

WHEREAS, on October 10, 1991, the Teachers' Retirement Board adopted the recommendations of the "Report on Benefit Structure Equity of the California State Teachers' Retirement System as Required Under SB 2469," which recommended that the Contribution Rate for Additional Service Credit be based on the Normal Cost Rate of the System, and

WHEREAS, based on the June 30, 1998 Actuarial Valuation, the Normal Cost Rate of the current benefit program is 15.758% of payroll; therefore, be it

RESOLVED that the Benefits and Services Committee recommend that the Teachers' Retirement Board adopt a Contribution Rate for Additional Service Credit of 15.758% for the 1999-2000 fiscal year.

Adopted by:
Benefits and Services Committee

Ratified by:

Teachers' Retirement Board

on July 8, 1999

James D. Mosman
Chief Executive Officer